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## House of Representatives

The House met at 10:30 a.m. and was called to order by the Speaker pro tempore (Mr. CARNAHAN).

### DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
September 22, 2008.

I hereby appoint the Honorable RUSS CARNAHAN to act as Speaker pro tempore on this day.

NANCY PELOSI,  
*Speaker of the House of Representatives.*

### MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 4, 2007, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

### WALL STREET BAILOUT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oregon (Mr. DEFAZIO) for 5 minutes.

Mr. DEFAZIO. Well, Secretary Paulson has submitted a simple proposal to Congress. This is it, three pages. It is about \$1 billion a word, and it is quite simple: Secretary Paulson gets the key to the Treasury, can start off by borrowing \$700 billion in the name of the American people, maybe more later, and it waives all laws. All laws. No oversight, no one looking over his shoulder, no conflict of interest rules. Not even court review. A pretty simple proposal.

He insists this has to be done, without meaningful discussion or debate or any change by the Congress, sort of an immediate authorization for use of financial force. Does this remind anybody of anything, like the rush into

Iraq on election eve a number of years ago? It is all too familiar.

He wants to take care of Wall Street's illiquid assets, as what he nicely labels them. Nice charitable pundits have said Cash For Trash. Wall Street could then return to business as usual. That is Mr. Paulson's plan. He is of, by, for, and about Wall Street, former head of Goldman Sachs. He wants to go back to the way things were.

They should never go back to the way things were. There need to be consequences, and there needs to be major change in the financial structures and the financial instruments and the regulation of Wall Street, something this administration still continues to deny, or says, oh, we'll do it later after we give them everything they want up front, after we bail them out.

Now, many want a condition on what will happen here. They want to have oversight. That is good. They want to limit executive compensation for any firm that takes a bailout. That is good. They want a linkage to a Main Street stimulus package and jobs. That is good. Those are all good. But we have got to question and take our time here to question the basic premise: Should we just take all their junk that people like Hank Paulson created, exotic instruments, the big party they have been throwing? Should we just take that and give it to the taxpayers and borrow the money from who knows where? Or, should we take an equity stake in these firms? That is what the government did when it bailed out Chrysler. It said, okay, we'll bail you out, but we own you; and when you come back, we're going to make money for the taxpayers.

Secretary Paulson wants to set it up so that the taxpayers at best, and in an all likelihood this wouldn't happen, might break even some day. No. We need to take an equity assurance in these firms, or we need to extend them

loans, have them marked down as junk to market. There's a market for it. It's about 22 cents on the dollar. Make them mark it down. And then if they're threatened and they're liquid, they can come to us and ask for a loan, and the terms are going to be stiff. And we aren't going to give it to just any one of these firms. No. We need to do this. We need to do it with oversight, and executive compensation is key no matter which way we go.

Oh, let the boards of directors control. Come on, boards of directors are all like first cousins and closer. These people are all feathering each other's nest. Hank Paulson himself got a \$50 million bonus for 1 year, the same year Wall Street rewarded itself with \$60 billion in bonuses. That is not a mistake. Billion dollars in bonuses in 2006.

These people are out of control. They don't understand the real world. And for them to talk about Main Street and pretend they're populist and they care about Main Street and student loans and homeowners' equity is a bunch of BS.

We need major structural reform, and we are the last bulwark here, the House of Representatives, the United States Senate. Because if we pass this bill as they propose it, we will be doing an incredible disservice to the American people, to the world economy. And what if his bet doesn't work? Yeah, the execs come out whole and they scoot that money offshore into hidey-holes or into gold or something else. But what if it doesn't work? And we have extended our credit about as far as it will go. Where are we going to borrow \$700 billion? What is the next step?

We need a much more targeted, deliberative approach. Congress can't come up with it in 3 days or 4 days. We shouldn't be rushed into this. If it takes a week, 2 weeks, 3 weeks, a month, the world will wait. They will wait for a thoughtful plan that cures the disease in addition to getting us beyond this initial problem. That is the

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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job of this Congress. We should not be rolled by our Wall Street exec who is masquerading as Secretary of the Treasury.

#### BAILING OUT WALL STREET

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

Mr. STEARNS. Mr. Speaker, it is also with great concern that I come before my colleagues to address a financial crisis of epic proportions.

Our Federal Government has taken drastic measures mainly in the form of a taxpayer-funded bailout in an attempt to put a stop to the complete deterioration of our financial system.

Just this weekend, the administration composed a comprehensive bailout to relieve private sector financial institutions and banks of their toxic mortgage assets to the tune of 700 billion taxpayer-backed dollars.

This plan increases our excessively high national debt to \$11.3 trillion while also allowing foreign banks, which hold U.S. mortgage debt, to benefit from the billions provided by this bailout.

This plan constitutes the largest government bailout in history, yet it does nothing to protect the taxpayers. The Secretary of Treasury will have unlimited authority to purchase the most toxic of assets from any number of solvent, private sector financial institutions.

Furthermore, this plan comes in the wake of last week's \$85 billion bailout of major insurance company American International Group and the Treasury's \$200 billion bailout of out-of-control GSES Fannie Mae and Freddie Mac.

Mr. Speaker, these bailouts come at a great price and expose American taxpayers to vast financial risk. Through these bailouts, our Federal Government is effectively risking hard-earned taxpayers' dollars to protect private sector companies that utilized reckless investment strategies with little regard to the consequences. Clearly, our financial and regulatory structures have failed us, and now the looming question on everybody's mind is, who is next?

Mr. Speaker, bailout after bailout is not a strategy, and it is certainly not a sustainable cure to our financial ills. These bailouts are an assault on American capitalism and have introduced a large degree of financial hazard into our economic system.

As an elected official, I am worried about this weekend's comprehensive bailout plan that gives the Secretary of Treasury unprecedented authority and virtually no oversight, aside from having to submit semiannual reports to Congress. This is unacceptable, and we must do something to protect taxpayers before adjourning this Congress.

Several years ago I became concerned with the financial picture of both Fannie Mae and Freddie Mac, when as a member of the oversight sub-

committee of the House Energy and Commerce Committee, I participated in the Enron hearings, and learned of the fraud and abuses perpetrated through accounting procedures. Moreover, I heard how Freddie Mac had also misapplied the Financial Accounting Standard Board's (FASB) standards for derivatives and hedging in its financial statement.

In 2003, as Chairman of the Commerce, Trade, and Consumer Protection Subcommittee, I held hearings on FASB accounting standards, including a hearing on Freddie Mac's fraudulent accounting practices. I planned on holding additional hearings on Freddie Mac's restatement, and developing legislation on accounting standards when jurisdiction over FASB was suddenly stripped away from my subcommittee and transferred to the Financial Services committee—seemingly the result of intensive lobbying efforts on Freddie's part.

I firmly believe, my colleagues, we need to establish congressional oversight of the Treasury, perhaps in the form of a commission that can monitor the transfer of this money, so that we may have better accountability and transparency as the government proceeds in bailing out company after company.

Additionally, we need better regulatory structures, and we should institute immediate controls to prevent massive short-selling of stocks which only further corrodes the market. And, further, we must ensure that the CEOs of these solvent, private companies do not walk away with millions of dollars in severance packages at the expense of taxpayers. Why not give taxpayers warrants for the upside in these companies that are being bailed out by taxpayers so that they benefit from this sacrifice? Unfortunately, this plan would put taxpayers at a risk for losses that belong to those companies that recklessly sought profits—profits for the stockholders and executives through dividends, salaries, bonuses and presumed stock appreciation.

I stress to my colleagues today, this is not a case of partisan politics. Our constituents' 401(k)s are at risk. The nationalization of private assets is inherently un-American. As free enterprising Americans, we need to let our markets determine the winners and the losers, not the United States Treasury.

Economists say we are in the midst of the greatest financial crisis since the 1930s, and yet the Democratic leadership intends on ending this 110th Congress on Friday.

Mr. Speaker, we have more work to do. We should not adjourn this Congress until we have a set of real solutions to work with, and these solutions should not involve risking any additional taxpayer dollars. I firmly believe that our Congress has a bigger role to play in ensuring that bailout and bankruptcy are not words the American people get used to hearing. We owe at least that much to the people who put us here.

The plan developed this weekend puts taxpayer dollars at risk with little or no benefit to those who pay the taxes, and I stand here today to firmly oppose it.

The Federal Deposit Insurance Corp. is a likely candidate to seek a taxpayer-funded "loan" or bailout from the government. This is particularly worrisome, given the fact that the FDIC exists for the sole purpose of insuring the deposits in our Nation's banks. If the FDIC's insurance fund continues to slip as bank failures persist, we may be facing another Treasury rescue.

#### WALL STREET BAILOUT

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. SHERMAN) for 5 minutes.

(Mr. SHERMAN asked and was given permission to revise and extend his remarks.)

Mr. SHERMAN. Let me join the bipartisan chorus of skeptical voices about this \$700 billion bailout.

We live in an era of great concentration of power in the Executive Branch and great concentration of wealth on Wall Street. Today, we are asked to approve the greatest power grab any executive has ever asked for and the greatest transfer of wealth Wall Street could imagine. \$700 billion is supposed to be given to the administration, and they will give it to Wall Street.

They are going to buy the worst of the worst assets in the back of any investment bank's closet. They can decide what to pay. They can buy from this one and not that one. They can have as much politics and as much cronyism as they are able to conceal, and there will be no oversight. So, they can conceal a lot. No standards, no accountability. They can pay any price to any person for any toxic asset, and they can refuse to pay any price to any person for any toxic asset.

This \$700 billion is on top of the Fannie and Freddie Mac bailouts, which were not bailouts so much of those entities. Those entities are really now part of the government. They were bailouts of the Wall Street investors in the bonds that had been guaranteed by Freddie and Fannie.

So we have already transferred hundreds of billions of dollars to Wall Street; we are now told to do \$700 billion. And be sure, if we do the \$700 billion now, they will be back for a few hundred billion in a while and a few hundred billion beyond that.

The truth is we don't know. The truth is they don't know. If we pass this bill, Wall Street could be sagging in a few weeks anyway. If we don't pass this bill, Wall Street could rebound by the end of the year. No one can make your 401(k) safe. No one can tell you whether your 401(k) will be safe regardless of whether we pass this bill or not. The only thing that is certain is that if we pass this bill, Wall Street executives will be happy.

This bill allows whatever money we give to a Wall Street firm, they can invest it overseas the next day. And if a